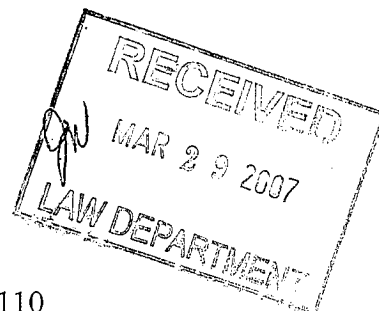




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OFFICE OF
INSURANCE COMMISSIONER



In the Matter of)
) ORDER NO. D07-110
MONUMENTAL LIFE INSURANCE)
CO.) CONSENT AND ORDER
) LEVYING A FINE
Authorized Insurer)

FINDINGS OF FACT

1. Monumental Life Insurance Co. ("Monumental" or "The Company") is authorized to conduct life and disability insurance business in Washington State.
2. Monumental requested a rate increase on all its individual Medicare supplement plans A – J. The filing was approved for an effective date of January 1, 2006.
3. The Company subsequently requested another rate increase. During its review of this request, OIC discovered that Monumental had not implemented the previous rate increase for plans A-G on the effective date. Instead, the rate increase was implemented two months late, on March 1, 2006. (The rates for plans H-J were changed on the correct effective date.)
4. The error was the result of a faulty assumption that had been used in programming the computer system. The Company loaded the rate changes into its computer system with the correct effective date. However, because the Company mistakenly¹ believed Washington law did not allow rate increases for these policies more frequently than every twelve months, the computer system had been set up not to change the rates on any policy until 12 months after the last rate change. The result was that the computer system did not begin to charge the new rates until March 1, 2006. (Because the new rates for plans H-J had been entered into the computer as associated with new plans, the computer implemented these rates on the correct date.)
7. There were 19 subscribers on plans A-G as of December 31, 2005. Each of these subscribers was charged a premium different than that filed with OIC for two months as a result of the Company's violation.

¹ Although Washington law does prohibit rate changes more frequently than every twelve months for some policies, Medicare Supplement policies are not subject to this law.

CONCLUSIONS OF LAW

1. By charging rates different than those filed with and approved by the Commissioner, the Company violated RCW 48.66.035(2).

CONSENT TO ORDER

NOW, THEREFORE, Monumental Life Insurance Co. consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine on such terms and conditions as are set forth below:

1. Monumental consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, Monumental agrees to pay to the OIC a fine in the amount of \$5,000 (Five-Thousand Dollars);
3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Monumental's certificate of authority; and
4. Monumental understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 2nd day of April, 2007.

MONUMENTAL LIFE INSURANCE CO.

By: Stephen M. Bacon

Title: Assistant VP: Actuary

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Monumental Life Insurance Co. is ordered to pay a fine in the amount of \$5,000 (Five-Thousand Dollars).

2. The Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the insurer's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 5th day of April, 2007.

Mike Kreidler
Washington State Insurance Commissioner

By: Andrea L. Philhower
Andrea L. Philhower
Staff Attorney, Legal Affairs Division